State of Yield 2026 (SOY'26)

Breaking the Compression & Complexity Cycle with Yield 3.0.

January 2026

Seasons Protocol

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Abstract

This report traces the systematic erosion of global yield over four decades, from double-digit Treasury returns in the 1980s to near-zero rates by 2020, and documents how Decentralized Finance (DeFi), despite its revolutionary premise, replicated traditional finance's fundamental failures within just two years. Drawing on macroeconomic data, protocol-level analytics, and institutional research, we identify five structural pain points facing yield-seekers today: chronic compression, emission decay, forced complexity, impermanent loss, and existential protocol risks. We then introduce "Yield 3.0", a paradigm defined by sustainable, fee-based mechanisms that generate yield from genuine economic activity rather than inflation, speculation, or token emissions. We present Seasons as the first protocol to holistically address all five pain points through a 100% fee-based, hold-to-earn model with zero emission decay, radical simplicity, and full non-custodial ownership. Finally, we examine the converging structural forces—institutional capital inflows exceeding $130 billion, the mathematical exhaustion of emission-based models, and maturing blockchain infrastructure—that make 2026 the inflection point for Yield 3.0 adoption at scale.

Keywords: Finance, Yield, Yield 3.0, Sustainable Yield, Alternative Yield, Decentralized Finance, DeFi, Cryptocurrency, Crypto, Blockchain, Seasons, $SEAS.

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Introduction

In the 1980s, $150,000 parked in 10-Year U.S. Treasury (US10Y) bonds generated about $22,500 annually, almost equal to America's median household income at the time. By 2020, that same amount yielded $1,500 or less. This was the collateral damage of nearly four decades of monetary policy that systematically extracted wealth from yield-seekers and savers to subsidize government debt and 'stimulate' growth.

Decentralized Finance (DeFi) promised a respite. And initially, it delivered.

Protocols offered unthinkably high APYs of 100–1000% (or more) during the 'DeFi Summer' of 2020, attracting billions of dollars from yield-starved, albeit tech-savvy and risk-tolerant, users. But despite all the innovations, DeFi's initial iteration—i.e., the era of Yield 2.0—didn't address or resolve the fundamental, structural issues with global yields: excessive dependence on policy, price, and emissions/inflation.

What took over forty years to materialize in traditional finance (TradFi) took only two in DeFi. And by 2022, when Summer turned into Winter, DeFi yields compressed over 89% across the board, recovering only marginally since then.

Global yield-seekers thus face a 'new normal' in which 'safe' and 'easy' yields barely beat inflation, while competitive returns require expertise, time, and risk tolerance that most can't afford. **This changes in 2026**.

We're approaching the inflection point for **Yield 3.0—sustainable, fee-based mechanisms that produce yield from genuine economic activity, rather than relying solely upon inflation, speculation, or policy.** While Seasons is a pioneer in this space, there's also an industry-wide shift in this direction, driven by macroeconomic upheavals in TradFi and an influx of institutional capital into DeFi.

In this report, documenting the evolution of global yield in detail, we demonstrate that Yield 3.0's rise offers the much-needed alternative for yield-seekers, freeing them from the choice between unreliable, sub-optimal solutions and increasing complexity.

2026 is the year of Yield 3.0. Simple, sustainable yields will now become accessible to anyone, anywhere, and above all, in any market condition.

Key Takeaways

- Traditional yield compressed +93% over four decades. $150,000 in Treasury bonds generated $22,500 annually in 1982 vs. $1,500 in 2020. The current "normalized" rates of 4–5% remain well below pre-2008 levels when adjusted for inflation.
- DeFi promised a respite, but within two years, it replicated TradFi's failure as emission-dependent protocols collapsed during bear markets. APYs compressed over 83% across the ecosystem as the 2020 DeFi Summer faded.
- Both systems share the same fundamental flaws, deriving yield primarily from inflation or speculation and subjecting global yield-seekers to five key pain points: chronic compression, emission decay, forced complexity, impermanent loss, and protocol risks.
- 2026 marks the inflection point for a new approach, i.e., Yield 3.0, where sustainable, fee-based models generate yield from genuine economic activity and can work in any market condition.
- Seasons is pioneering this paradigm through its 100% fee-based tokenized yield mechanism, with zero emission decay and an accessible hold-to-earn framework that delivers simple, sustainable yield at scale.

The Great Compression — Four Decades of Yield Destruction

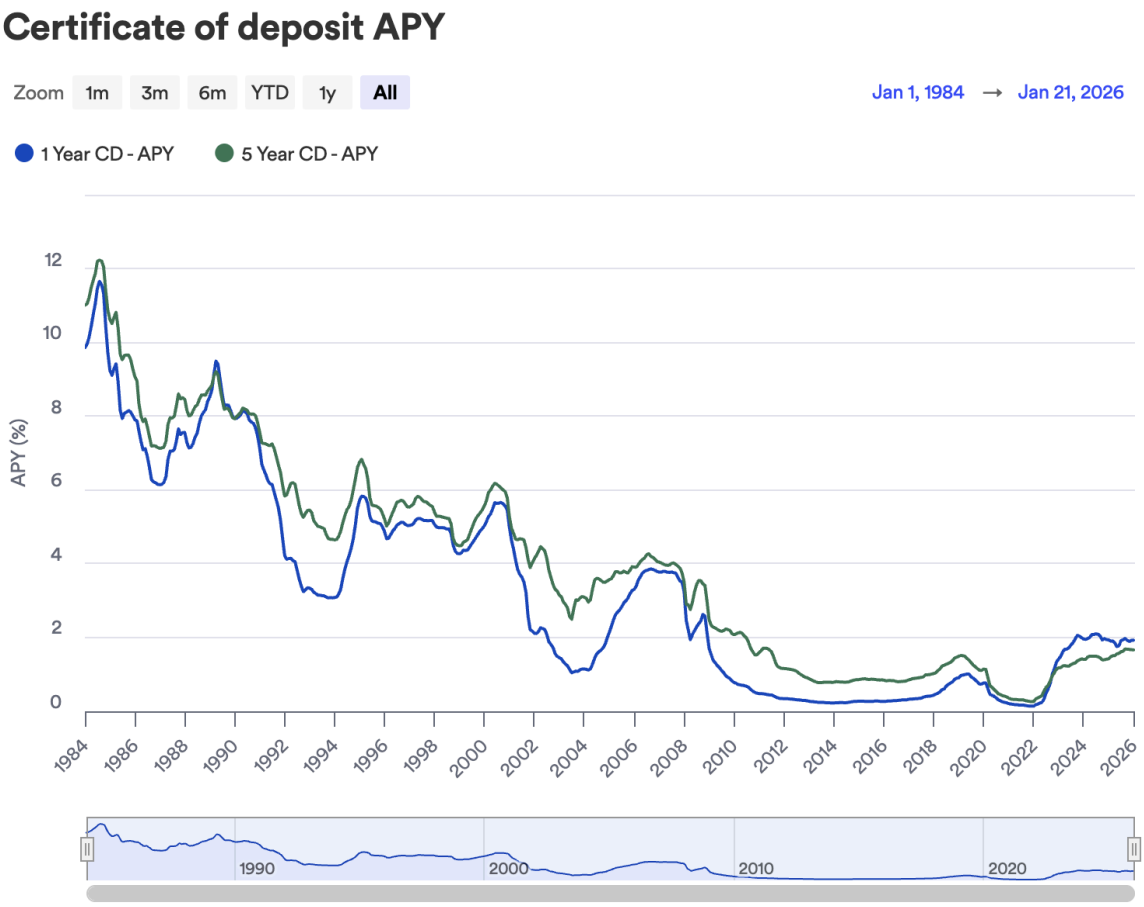
To appreciate the magnitude of what yield-seekers lost, and what they stand to gain, we must establish what they once had. The answer lies in tracing the steady decline in yield over the past two to four decades.

A Golden Era Long Lost and the Pre-GFC Normal

Although compression is not unique to the US, as we'll discuss soon, the US10Y graph encapsulates how yield has largely been down only since the 1980s; its steadiness punctuated only by violent dips during economic crises, with marginal recoveries and lower highs.

Source: [10-Year U.S. Treasury Historic Yields](), FRED

Certificate of deposit (CDs), once considered 'great investments' with double-digit returns and a cornerstone of savings strategies, have followed a similar trajectory.



Source: [Bankrate Historical CD Rates]

The US10Y yielded over 15% annually during the early 1980s, while 1-year and 5-year CDs returned about 11% and 12%, respectively.

But such fantastic yields only serve as a reminder of a 'Golden Age' that's now gone for good. We don't gain much by harping on them, so from here on, let's zoom in on the last two decades, from the early 2000s, which present more realistic reference points from the current perspective.

Recovering from the dot-com bubble burst of 2000, the US10Y averaged around 4-5% between 2004 and 2007. CDs peaked at nearly 4.27% (5-Year) and 3.84% (1-Year) in this period. Meaning, you could generate over $23,000 annually by putting $500,000 in laddered Treasury bonds, with absolute certainty that your principal would be safe.

Families saving for their child's education could park money in CDs and watch it grow meaningfully. Emergency funds in money market accounts generated real income, rather than eroding to inflation.

Financial planning was based on simple assumptions: 4-5% 'risk-free' rates, with corporate bonds adding 1-2% for credit risk, and equities offering 6-8% long-term returns for volatility tolerance. And if you think of yield as water pressure in a

municipal system, that pressure was strong and reliable in the years leading up to the GFC. Turn the tap, and the yields flowed.

This established expectations for an entire generation. Retirement calculators assumed 4% safe withdrawal rates backed by bond income. Pension funds calculated liabilities against 7-8% expected returns. Insurance companies priced policies on predictable bond yields to fund future claims.

And then, the pressure dropped.

The Global Financial Crisis (2008) — A Permanent "Emergency"

In 2008, when "predatory" subprime mortgages collapsed and the U.S. housing bubble burst, taking Lehman Brothers down with them, central banks responded with interventions framed as temporary emergency measures.

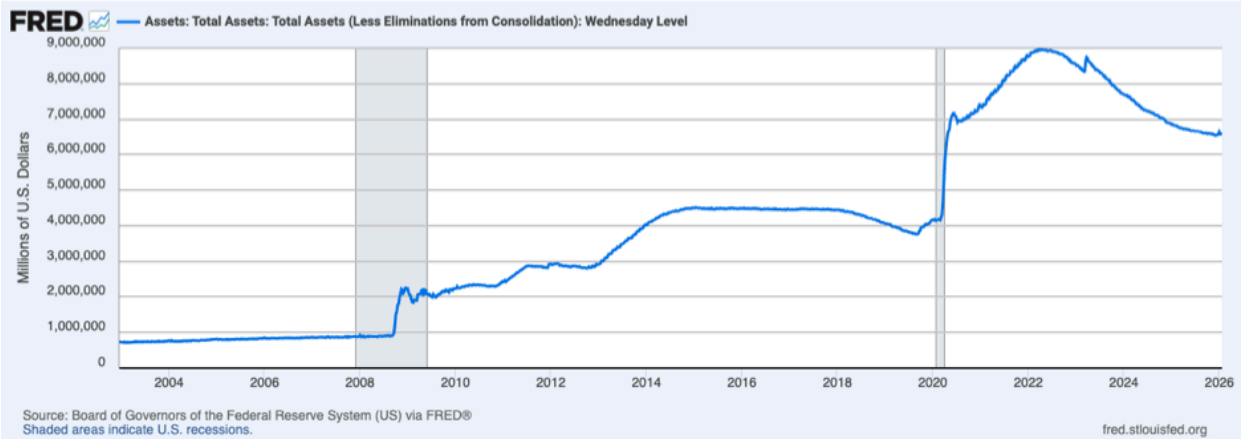
The U.S. Federal Reserve (Fed) slashed rates from over 5% to 0-0.25% in under 16 months, while purchasing nearly $1.7 trillion worth of Treasury and mortgage-backed securities as part of Quantitative Easing 1 (QE1). Their balance sheet expanded from $900 billion to over $2.3 trillion. More money was pumped into the economy than ever before, and most importantly, at a record speed.

As the Fed's purchases removed duration risk and markets entered flight-to-safety mode, US10Y yields plunged to 2.25% by December 2008.

The European Central Bank (ECB) and the Bank of England (BoE) reacted similarly, cutting rates to 1% and 0.5%, respectively, while the BoE also launched a £200 billion QE program. Japan doubled down on the near-zero interest rate regime it had pioneered around 1999, leading the West by almost a decade.

Once the crisis passed, rates would return to normal. That was the dominant narrative at the time. Soon, though, it became clear that this wasn't going to be.

Rather than normalizing post-2008, governments and central banks doubled down. The Fed launched QE2 (2010), Operation Twist (2011), and QE3 (2012). Its balance sheet crossed $4.5 trillion by 2015—a 5x increase from pre-crisis levels—artificially suppressing yields by removing bonds from private markets.



Source: The Federal Reserve Balance Sheet (Historic), FRED

This had a devastating human impact, as yields dropped by over 50%. Savers and yield-seekers faced impossible choices: deplete principal, drastically cut expenses and lifestyle, or venture into assets/instruments they didn't understand.

It wasn't merely market risk that diversification could solve. It was *policy risk*—a systemic extraction of value from yield-seekers to benefit borrowers and, primarily, governments wanting to service massive debts at artificially low costs.

Meanwhile, post-GFC regulations, such as Basel III, required banks to hold massive quantities of High Quality Liquid Assets (HQLA)—effectively, government bonds—which created artificial demand that further suppressed yields. U.S. banks held $2+ trillion in Treasuries at one point, not because of attractive rates but for compliance purposes. Depositors paid the price.

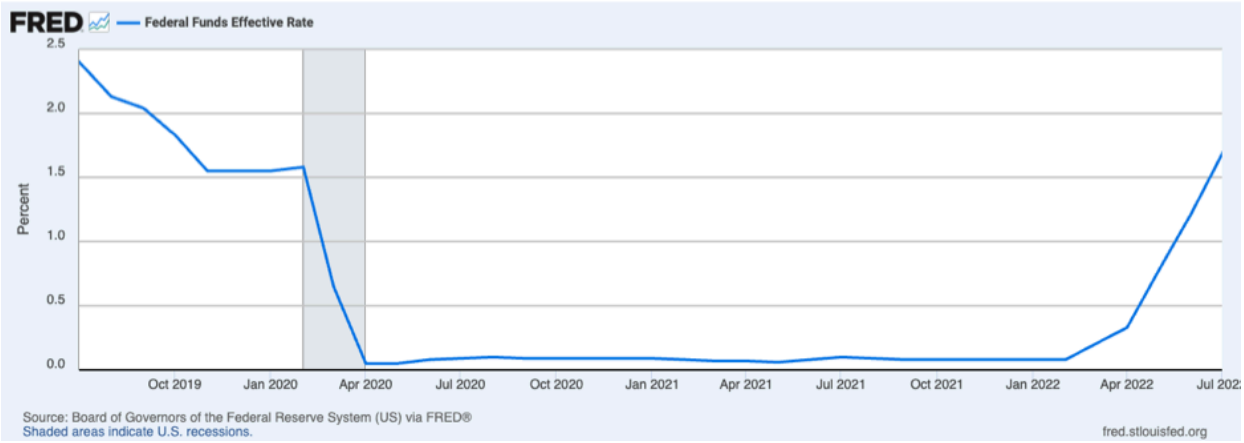
And amidst all these, the Fed Funds rate peaked at just under 2.5% in 2019. Thus, one decade after the "emergency", yields still remained structurally compressed. The temporary was the new permanent.

COVID-19 and the Journey into the Abyss

Just as tentative discussions of normalization began, COVID-19 struck. Central banks unleashed measures that made 2008-2009 look restrained.

The Fed expanded its balance sheet by over 2x in 18 months, rising from $4.2 trillion to $9 trillion. It purchased around $120 billion in Treasuries and mortgage-backed securities each month, while maintaining near-zero rates through explicit forward guidance.

By July 2020, the US10Y yield reached 0.52%. The national savings account interest hovered around 0.5% throughout the year. CDs remained at sub-1% levels for almost two years. Money Market funds also paid near-zero interest, while some charged fees higher than interest, so depositors often *had to pay* to hold cash. And from 2020 to 2022, the effective Fed Funds rate stayed barely above zero, matched only by the post-GFC years in recent U.S. history.

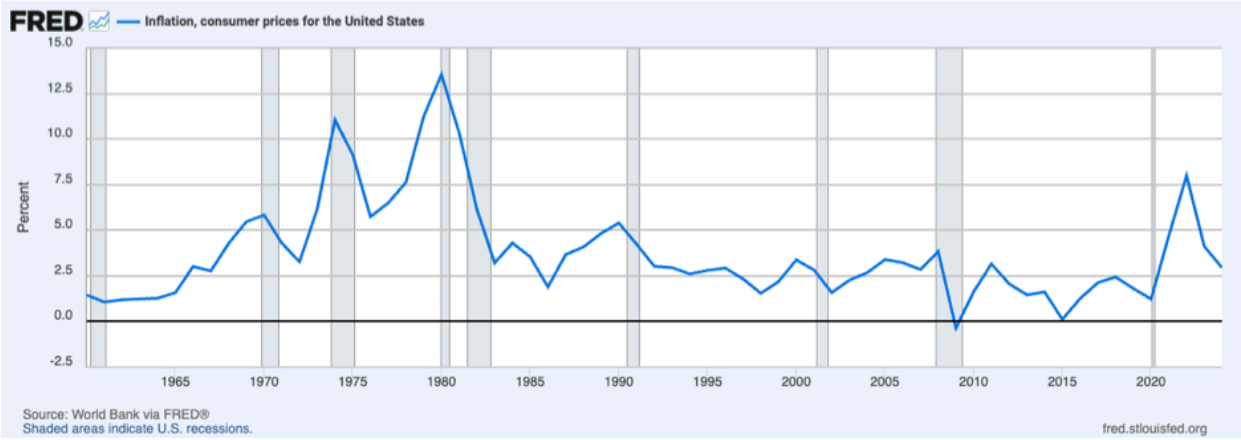


Source: Federal Funds Effective Rate, FRED

$150,000 generated $1,500 or less at this time. Retirees, depending on fixed income, faced existential threats. Pension funds, already struggling with unfunded liabilities, saw the gap widen dramatically. The water pressure had almost stopped entirely when yield-seekers needed it most.

Inflation Shock, False Hope, and a Compressed Baseline

With unforeseen QE and stimulus to tackle the COVID-induced slowdown, U.S. inflation surged to 8% in 2022—an episode that saw the U.S. economy retrace 1980 levels, albeit in a negative way. The Fed was compelled to abandon suppression and hike rates to over 5% in 16 months.



Source: Historic US Inflation, FRED

It seemed 'normal' yields are back. The US10Y almost regained pre-GFC levels, reaching 4.93% in 2023, while the 30-Year Treasury yields crossed 5% for the first time since 2007. CDs went up as well, with the 2% interest on the 1-Year and 1.5% on the 5-Year. Savers and yield-seekers exhaled, thinking the draught had ended.

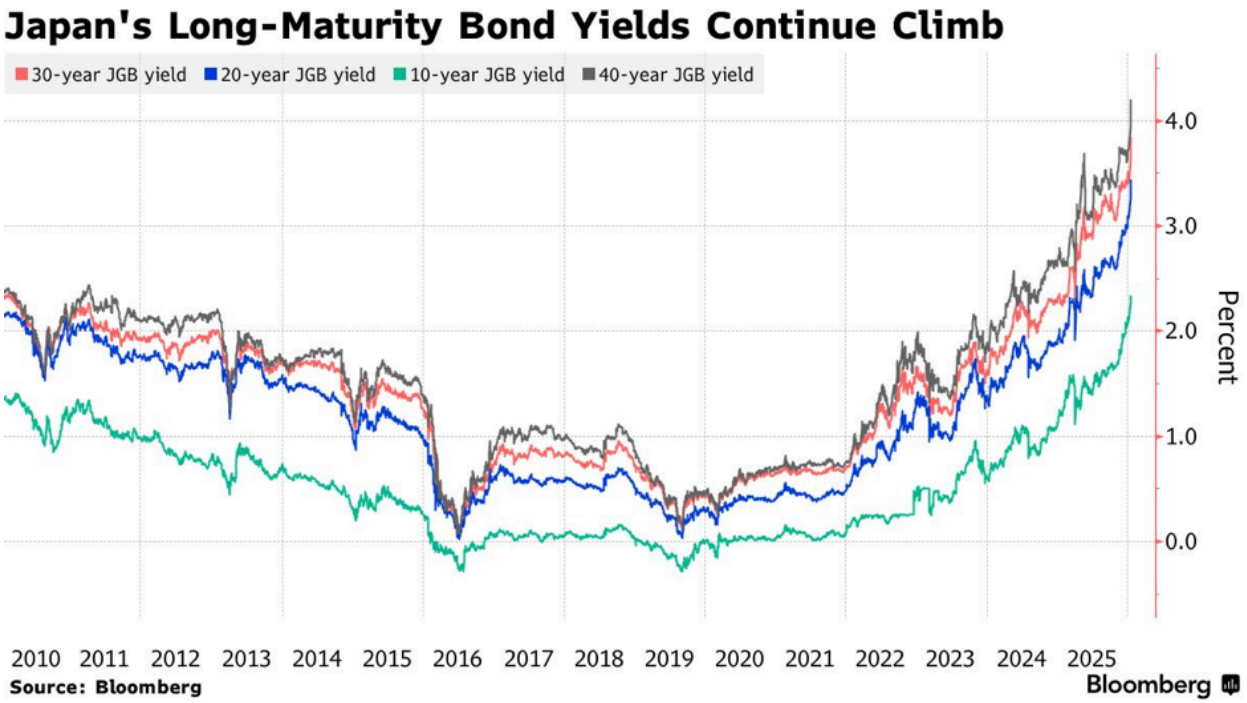
But this was shock therapy, not recovery. And the signals hid in plain sight: higher short-term CD yields than long-term, for instance, suggesting that banks expected rates to drop in the future and were preparing for slower economic growth, which retail mostly couldn't see, as they almost never can.

The notable paradox here is that while rising bond rates benefit new entrants, they ruin existing holders, since bond yields are inversely proportional to bond prices. This affects retail savers and individual yield-seekers, sure, but the impact on smaller banks and institutions is catastrophic.

For instance, by March 2023, Silicon Valley Bank (SVB) suffered a nearly $1.8 billion loss on the sale of a portion of its bond portfolio for $21 billion. It also had an unrealized loss of $15 billion on its held-to-maturity portfolio. And when SVB announced its plan to raise money to meet this loss, customers panicked and ran on the bank, leading to its collapse.

Likewise, the UK 30-Year Gilt Yield (UK30Y) spiked over 160 basis points (~1.6%) in three days in September 2022—deemed "outside of historical experience" for long-term yields—which forced an emergency Bank of England intervention to prevent pension fund insolvency.

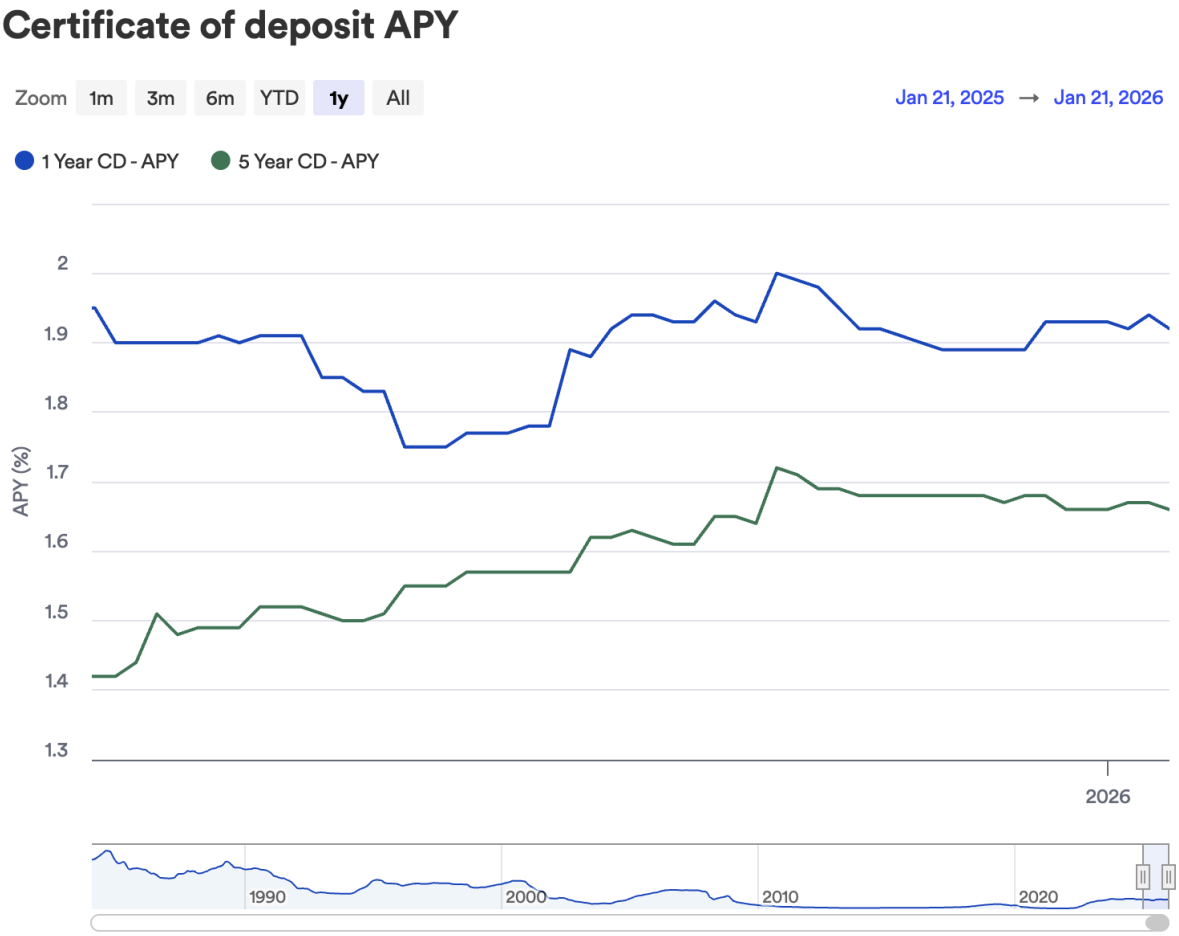
And finally, since Japan abandoned 25 years of suppression and started raising rates in 2024, it has triggered a global contagion, from the unwinding of the Yen carry trade to the ongoing spike in global yields following the Japanese bond market meltdown. Unrealized losses for Japan's major life insurers simultaneously surged from $60 billion in Q1 2025 to $71 billion by the end of September 2025, and are certainly even higher at present.



Source: Japan's Long-Term Bond Yields Since 2010, Bloomberg

The unraveling shows how the global financial system can't handle 'normal' yields anymore. It's entrenched in the low-rate regime, and years of suppression have created structural dependencies: banks with massive, long-duration bond portfolios, governments with triple-figure debt-to-GDP ratios, pension funds leveraged 3:1 and expecting 7% returns from 2% assets.

As of January 2026, the US10Y has consistently been in the 4-5% range for almost a year, while both long-term and short-term CDs hover close to 2%. Although substantially better than the 2020-2022 phase, they are still well below pre-GFC rates. Especially considering inflation, which puts the real US10Y yield around 1–2%. It's also worth noting that the yield curve for CDs remains inverted, with the short-term rate exceeding the long-term rate.



Source: Certificate of deposit APY (Jan 21, 2025 to Jan 21, 2026), Bankrate

CD rates are likely to drop in 2026 as the Fed responds to low inflation and a weakening job market by lowering rates through the year. Further, with a $37+ trillion national debt and a 121% debt-to-GDP ratio, the U.S. cannot afford rising rates—each 1% increase adds over $370 billion in annual interest costs.

Japan, Europe, and other nations worldwide face similar conundrums.

Compressed yields are thus the new baseline. What's most concerning, however, is the excessive coupling of traditional yields to central bank rates and policy, as well as to instruments such as Treasuries and mortgage-backed securities.

There's no longer any 'safe' yield in a sense, considering how intertwined and codependent all the traditional yield sources have become, across geographical and political boundaries.

When Japan sneezes, the US and UK catch a cold, and vice versa. Any rate hike or news from almost anywhere in the world can trigger a cascading effect elsewhere. The instability is palpable, and markets are pricing it in (with higher short-term than long-term rates).

However, neither compression nor uncertainties means people stop needing yields. If anything, the opposite is true.

The youth still need compounding returns to achieve financial freedom or build generational wealth. Retirees still need a secure, fixed income. Insurance companies and pension funds still have claims and obligations to pay. So when base yields compress, they face a choice between accepting poverty or insolvency, or seeking yield elsewhere.

Historically, they chose the latter, and Wall Street eagerly provided them with solutions. Compression led to complexity.

Simple pre-GFC portfolios (50% Broad Stock Index, 40% Bond Index, 10% Cash) have become increasingly complex and layered, with over 12 assets, including private equity, structured credit, and crypto. What used to require less than two hours a year to manage now requires continuous monitoring, extensive knowledge of derivatives, and, ultimately, professional support.

This excluded the average retail yield-seeker by design (or pushed them into uncomfortable, almost hazardous territory). And then decentralized finance (DeFi) entered the picture, promising liberation, sovereignty, and financial freedom.

DeFi's Rise, Promise, and Parallel Failure

Bitcoin introduced the world to decentralized, peer-to-peer (P2P) money in the wake of the GFC. Then, in 2015, Ethereum enabled programmable smart contracts, unlocking something genuinely revolutionary: financial primitives that don't require any banks, brokers, or permissions.

Innovations like DAI followed. This decentralized crypto-collateralized stablecoin delivered basic collateralized debt position (CDP) yields from ether (ETH) collateral, showing that it's possible to bring core banking functions onchain.

The narrative was intoxicating.

Decentralized exchanges (DEXs) would compete with the NYSE. Lending protocols would compete with banks. No FOMC meetings. No Basel III. No negative rates.

Just code. Immutable and transparent.

Early adopters were right to be excited (still are). Both the premise and the solution were robust, at least directionally.

DeFi Summer (2020) — The Explosion and Peak Extraction

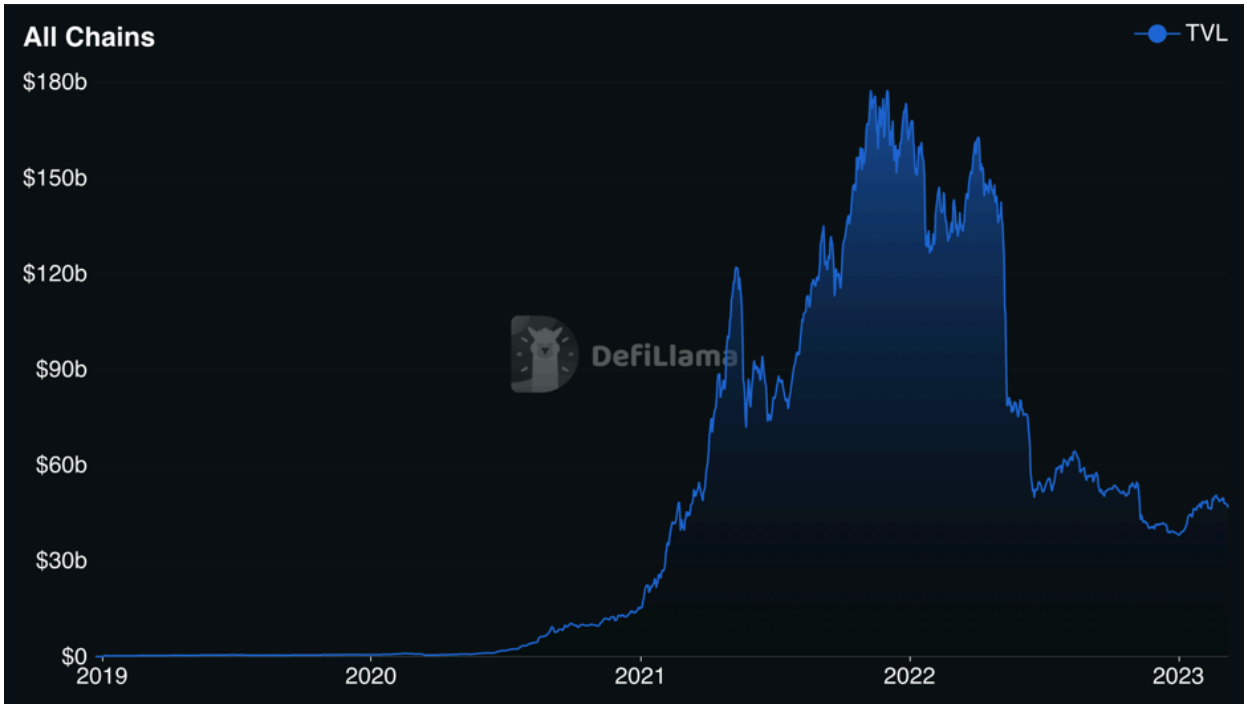
Despite its revolutionary appeal and freedom-centric premise, DeFi, like any nascent sector, faced an existential crisis in its first few years.

The critical question: Why should anyone provide liquidity to these new, untested protocols, especially when they have little to no trader or borrower participation?

But then Compound, a decentralized lending protocol, launched its COMP governance token in June 2020, popularizing 'liquidity mining' and kick-starting DeFi's parabolic growth. Lenders earned COMP tokens in addition to the interest from borrowers. Borrowers paid interest, but they also earned COMP, and sometimes borrowing was even profitable due to this COMP–onent.

Aave, Yearn, Curve, Balancer, Rarible, and other contemporary protocols followed suit. Within weeks, everyone was launching tokens and liquidity pools, triggering a 'Yield Farming' gold rush.

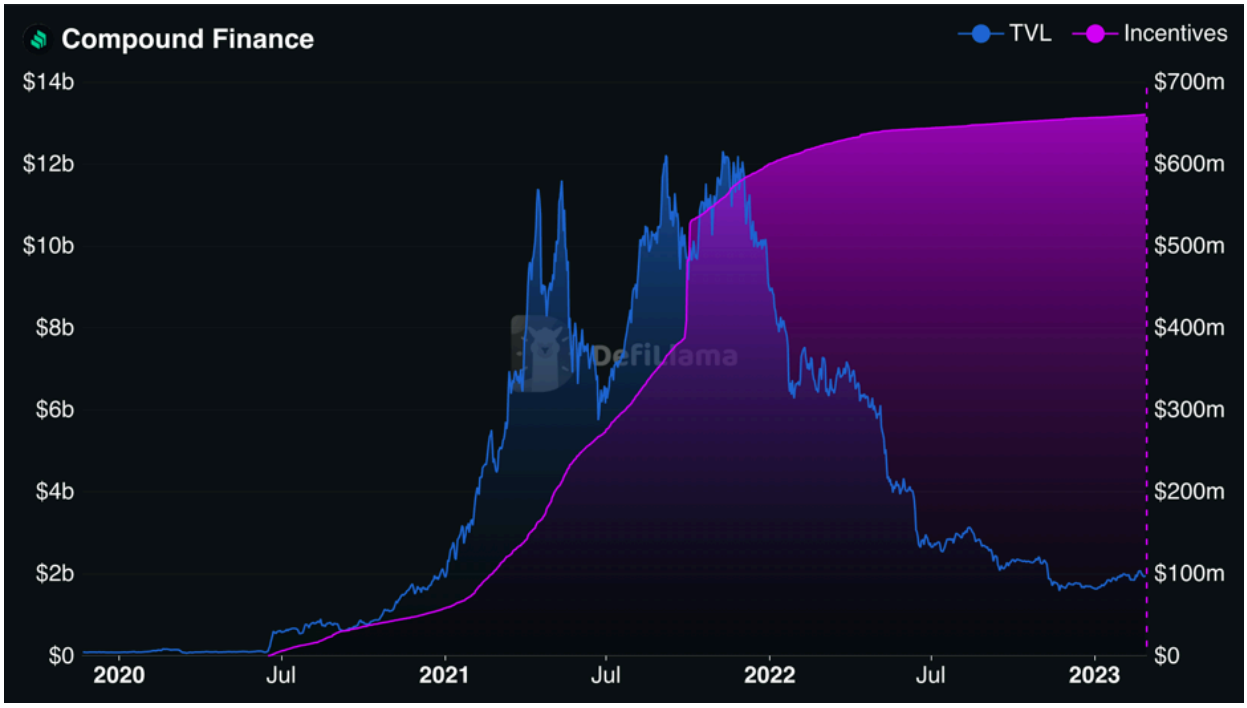
This, in turn, catalyzed the 'DeFi Summer' where the total value locked (TVL) across decentralized protocols grew from less than a billion in early 2020 to over $177 billion by December 2021.



Source: DeFi TVL (2019–2023), DeFiLlama

During the peak bull market in 2021–2022, Compound distributed 2,880 COMP tokens per day to lenders and borrowers.

These incentives ranged from $500,000 to $3.5 million, with average daily rewards of nearly $1 million. And by the end of 2021, Compound had distributed more than $541 million in total incentives, and its TVL crossed $12 billion—roughly 10% of the total DeFi TVL.



Source: Compound's TVL & Incentive Emission (2020–2023), DeFiLlama

By conservative estimates, 30–50% yields were staple during the DeFi Summer, and even APYs over 100% became pretty common at one point.

Although DeFi appealed primarily to a niche, tech-savvy user base at the time, the opportunities on offer that Summer were revelatory for yield-starved savers who were earning sub-1% interest across the board on traditional instruments.

More interestingly, these protocols initially did not implement outright Ponzinomics, and instead, the yields came from real mechanisms:

- Compound charged interest from borrowers and paid a portion of it to lenders, capturing 1-2% as protocol fees. Standard banking economics, executed more efficiently without any physical barriers, branches, or regulatory overheads.
- Uniswap crossed $1 billion in daily trading volume and earned fees on every swap, which it used to generate APYs for liquidity providers and market

makers. It also airdropped the UNI governance token to users, amounting to nearly $1,200.

However, it's fair to say that the system probably worked because participation and capital were both relatively low back then. Specifically, there were more opportunities than capital, thus being early paid off with extraordinary returns.

As more and more capital started flowing in, though, competition became fiercer and protocols aggressively launched incentive programs. Promised APYs went from 100% to 300% to 1000% and higher. Anything was possible, really, on pitch decks and marketing material.

For instance, OlympusDAO, an experimental "web3 version of the Fed", offered ridiculously high staking APYs: the numbers vary, from 5000% to 8000% to 10,000% to 90,000%. What's certain, though, is that these APYs were essentially paid through OHM token inflations—the Fed, after all.

By 2023, Olympus DAO had not only '*pivoted away from its ultra-inflationary bootstrapping tactics*', but it was also contemplating slashing staking rates from 7.35% to 0%, per AJ Scolaro's report on Messari.

DAOs
Governor Note: Olympus Says Goodbye to Staking APY
AJ Scolaro
Mar 6, 2023 • 10 min read
12 mins
Key Insights
• The launch of the Range-Bound Stability (RBS) system can provide the stability OHM needs to gain acceptance as the crypto-native reserve currency.
• Olympus DAO has big plans to expand the supply of OHM sustainably, but the protocol's rebase rate (staking rate) is suppressing the development and adoption of new projects.
• The DAO is currently discussing the best way to transition the staking rate from 7.35% to 0%, with options ranging from a wait-and-see approach to killing staking emissions all at once.

Source: Messari's Report on OlympusDAO

Overall, DeFi protocols exhibited peak extractive and unsustainable behaviour and business models amid the Summer's highs. They embodied every possible red flag, including:

- **Emission dependence:** Yields were driven by token inflation rather than sustainable value creation or revenue generation. Protocols printed money to attract users who dumped the tokens and moved on to the next source of free, a.k.a. "magic", internet money.
- **Recursive leverage:** Users borrowed against LP tokens they received for providing liquidity to buy more LP tokens, creating fragility cascades that triggered rampant liquidations even from small price moves.
- **Mercenary capital:** Billions rotated weekly chasing the newest "farm," with no loyalty or long-term thinking. Capital flowed to highest-emitting projects regardless of fundamentals.
- **Complexity spirals:** Optimal strategies required using 5-7 protocols simultaneously, each adding smart contract risk multiplicatively. In 2021, a typical yield farming "degen" strategy looked somewhat like this: borrow stables on Aave against ETH, deposit stables on Curve, stake Curve LP tokens on Convex, stake CVX rewards for boosted emissions, claim and compound CRV + CVX daily, monitor liquidation risk if ETH dropped >30%.

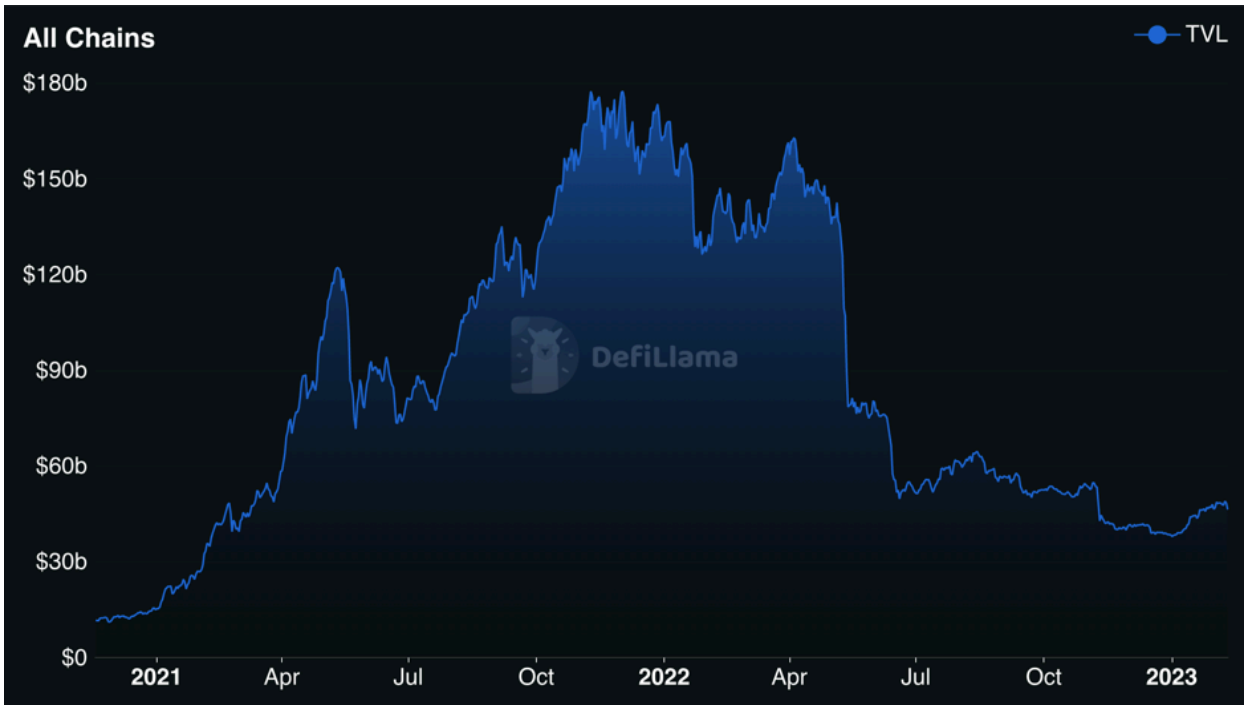
Besides touching multiple protocols, such complex strategies involved high gas fees, especially during peak network traffic and congestion. There were smart contract risks across the entire stack.

It was the antithesis of simple, sustainable yields that DeFi once promised. And the worst part is, these mechanisms are still prevalent, albeit in other, more refined forms.

DeFi's Yield Compression Post-2022

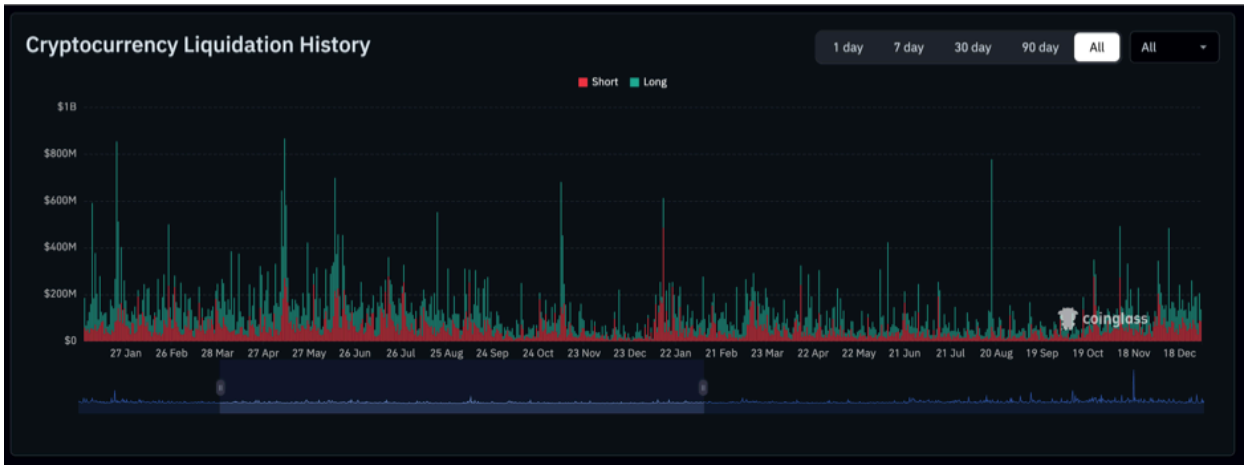
By 2022, DeFi's honeymoon phase was over, and its unsustainable models had their reckoning.

Following the frenzy of the 2020 Summer, crypto entered into a deep slumber in 2022. DeFi's TVL dropped over 77%, falling below $40 billion by December. It remained at these levels throughout 2023, before rising again in early 2024.



Source: [DeFi TVL from 2021–2023](), DeFiLlama

Terra/Luna's $40-billion collapse triggered the 2022 meltdown, followed by the 3AC/Celsius crisis, and eventually, the FTX fallout and subsequent bankruptcy by November. These events led to liquidations involving billions of dollars.

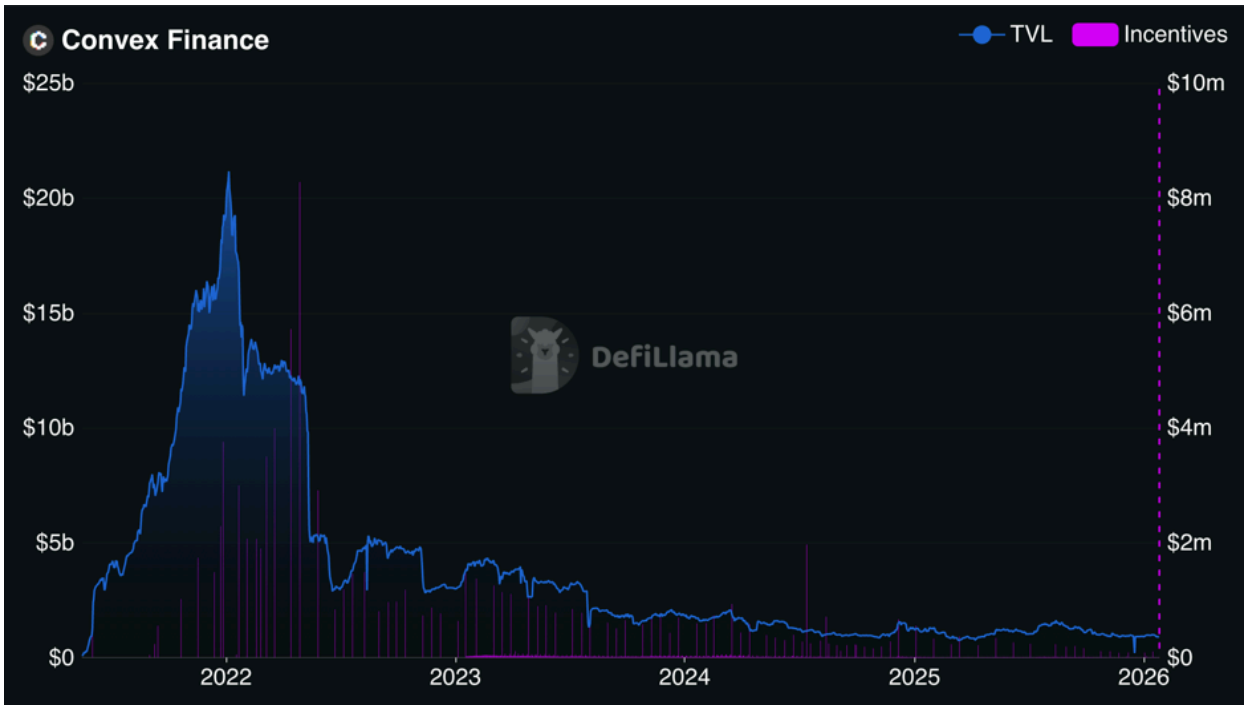


Source: [Crypto Liquidations During 2022-2023](), Coinglass

Before Terra imploded, Anchor Protocol offered 20% APYs on UST (Terra's algorithmic stablecoin) deposits. It came partly from borrower interest and mostly from Terra Foundation subsidies funded by issuing more LUNA tokens. Thus, when UST de-pegged, the death spiral was unstoppable. And the contagion spread, eventually compressing yields across DeFi.

By December 2022, Aave's organic lending rates had collapsed by more than 64% to 1.14% as borrowing demand evaporated. APYs on Yearn's USDC vaults shrank by 67%, from 5–7% in January to 1–3%. Compound's TVL dropped back to $1 billion, and it merely distributed incentives worth $51.7 million in 2022 (~89.4% less than 2021).

Convex Finance and other emission-based models underwent the most severe compression through this drawdown. While the markets ran hot in early 2022, Curve's 3pool offered boosted APYs of 10-40% through Convex and CRV rewards. But they fell below 1% as incentive programs were scaled back and CVX emissions tapered, dropping 65% from $10.4 million in Q4 2021 to $3.56 million in Q4 2022. And by Q4 2025, emissions were down over 91%.



Source: Convex Finance TVL and Incentives, DeFiLlama

Staking yields on platforms like Lido also fell to 3.3%, lower than the yields offered by certain money market funds, which were over 5% at the time. Due to this situation, CoinDesk reporter Oliver Knight deemed DeFi as the 'biggest loser' during the 2022–23 bear market.

Moreover, in addition to declines in yield amounts and rates, major protocols, such as Aave and Compound, also became less efficient in generating yield. Between August 2021 and December 2022, their *yield efficiency*, or annualized-revenue-to-TVL ratio, dropped from 0.21% to 0.13% (-40%) and from 0.41% to 0.07% (-82%), respectively. This meant the protocols generated less yield per locked dollar than earlier.

All these point to DeFi's core problem in 2020–2023: excessive leverage and unsustainable yield-farming incentives, driven by token emissions rather than by real economic activity or fees. Once the liquidations began, forced selling created negative feedback loops. Capital drained as market participants sought safety

(similar to what happened during the GFC in traditional finance). Then borrower demand disappeared as leverage unwound, crushing protocol revenues and a key source of yield. The entire structure collapsed, one domino after another.

The Five Pain Points of Yield-Seekers

Now that we understand how global yields ebbed and flowed over the years, across traditional and emerging instruments, let's analyze the five persistent, structural problems facing yield-seekers today that hamper their prospects of earning simple, sustainable yields.

#1 Chronic Compression from Capital Dilution

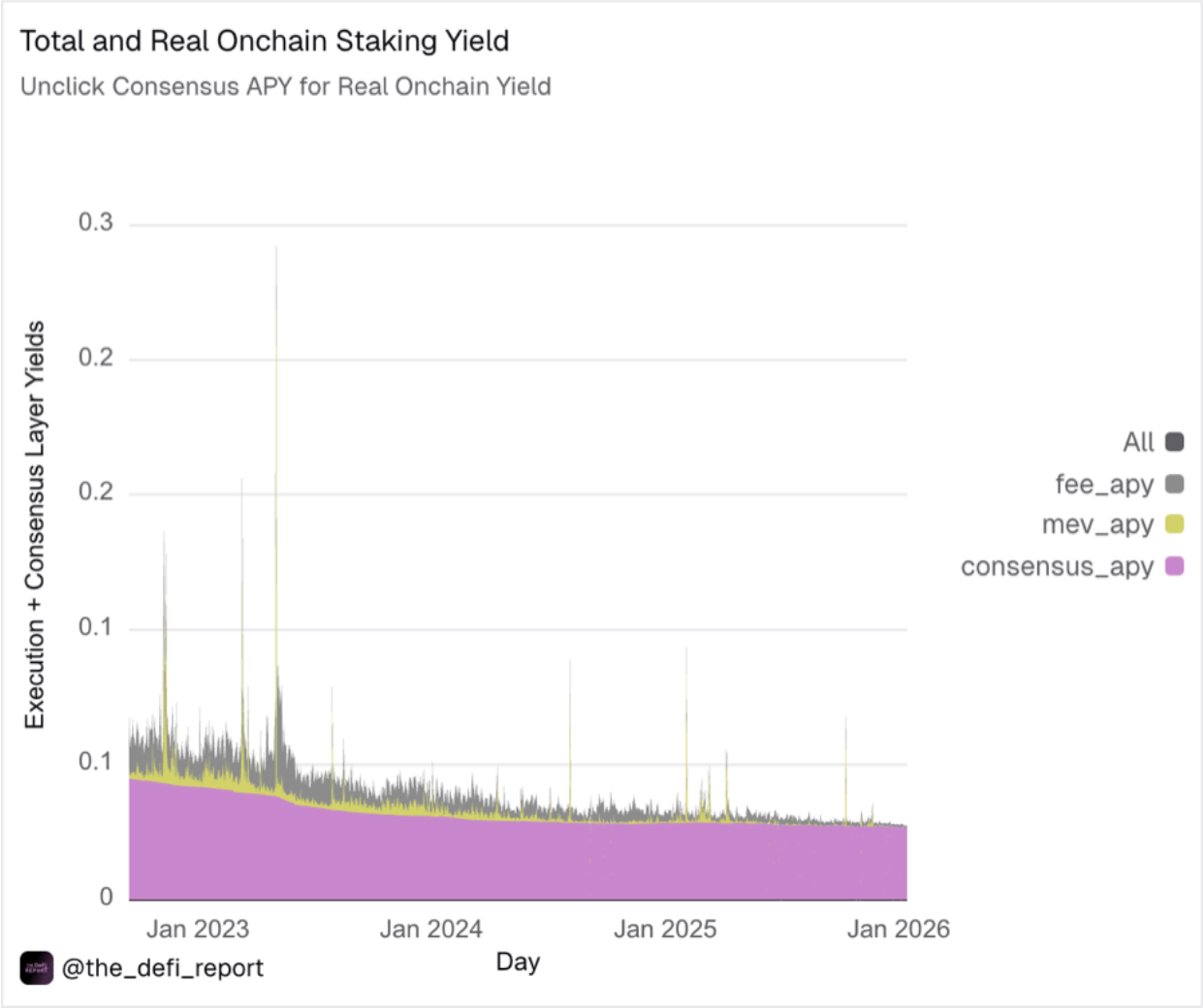
Both TradFi and DeFi yields compress when capital influx overwhelms productive opportunities. This persists regardless of market direction, and it's not cyclical.

Yield is essentially a fixed-size pie representing the total value generated by economic activities: interest payments, trading fees, staking rewards, and so on. Each dollar's share shrinks as more capital chases that pie.

This is why the Fed's balance sheet expansion from $900 billion (2008) to the $9 trillion peak (2021) artificially suppressed Treasury yields by 50–100 basis points through direct price support. Japan's response to the 1990's asset bubble burst and, in fact, every QE ever produced similar effects.

Basel III HQLA requirements channelled trillions of dollars into government bonds, creating structural demand that grows with banks' balance sheets and caps yields. Global Systemically Important Banks (GSIBs) collectively hold approximately $3-4 trillion in HQLAs currently, having increased their Treasury holdings by over $350 billion in recent years. Meanwhile, global sovereign debt now exceeds 65% of all fixed-income assets, ensuring permanent price support and yield compression.

Likewise, in DeFi, Aave's TVL expansion of over $35 billion in less than 5 years diluted APYs from an average of 20.9% to 5–6%, i.e., a 70–75% yield compression as capital flooded in. Ethereum's validator count grew over 146% from nearly 400,000 in late 2022 to approximately 983,000 in January 2026. The consensus layer rewards simultaneously declined from 5-6% (2022) to the current 2.5-2.8% (consensus) or 3-4% (total including MEV and priority fees).



Source: [Ethereum's Total and Real Onchain Staking Yield](), The ETH Report (Dune)

Imagine working for 15 years to accumulate $500,000, targeting a 5% annual yield ($25,000) for retirement income. You achieve the savings goal, then watch yields collapse to 2% ($10,000). Not because you made poor choices, but because central banks flooded your market with printed money or institutional capital discovered your yield source.

You now face binary choices:

- Accept 60% income reduction and drastically cut lifestyle
- Chase riskier assets you don't understand
- Deplete principal prematurely and hope you don't outlive your money

That's the systemic extraction of purchasing power through monetary and capital policy you can't control or escape within traditional paradigms.

#2 Emission Decay and Yield Death Spiral

Most DeFi protocols still bootstrap growth by distributing tokens as rewards. This repeats the decay patterns we saw with Convex post-2022.

- High emissions attract capital → TVL grows → Token price rises on speculation → APY appears astronomical
- Emissions continue, but the rate slows → New capital dilutes existing holders → Token price peaks as early adopters sell
- Emissions taper per protocol schedule → Token price falls as selling pressure exceeds buying → APY collapses as both emissions AND token value decline
- Protocol reaches sustainable state with minimal emissions → Yields derive from actual revenue → APY settles at 3-8% typical

Emission decay is *predictable* yet practically unavoidable. Someone entering Convex in early 2022 at 50% APY might have known yields would decline. But 91% decay over four years is still catastrophic.

What feels like sustainable yield becomes a slow-motion rug pull. You deposit $50,000, expecting 50% APY ($25,000 annually). Perhaps year one delivers $20,000 as yields compress. Year two delivers $5,000. Year three delivers $2,500. By year four, you're earning $2,000.

Meanwhile, the tokens you received as “yield” during years one and two have declined +80% in value, so your actual realized returns are even worse than the APY suggested.

The only winning strategy is to perfectly time your entries and exits, which requires active trading and isn’t for everyone. For some, it even defeats the entire purpose.

#3 Forced Complexities and Learning Curves

As yields compressed, strategies to generate competitive returns have become exponentially more complex, creating a two-tier system that excludes ordinary users. What used to be a simple deposit or, at most, a few rebalances from time to time, now requires a tiered approach that looks something like this:

Strategy Component	Allocation	APY Range	Weighted Low	Weighted High	Key Assumptions
Aave (USDC Lending)	25%	3.0-4.0%	0.75%	1.00%	Specific stablecoin markets outperform protocol average (1.2%)
Uniswap V3 (Concentrated LP)	30%	10.0-18.0%	3.00%	5.40%	Active management in high-volume pools required
Curve/Convex (Optimizer)	25%	8.0-12.0%	2.00%	3.00%	Q1 2026 validated ranges from prior analysis
Liquid Staking (ETH/SOL)	10%	3.0-5.0%	0.30%	0.50%	Blended ETH (2.5-2.8%) + SOL (4-6%) staking yields
Leveraged Farms/Restaking	10%	20.0-30.0%	2.00%	3.00%	High-yield tier requiring active monitoring
Blended Total	100%	-	8.05%	12.90%	Mathematically verified weighted average

Typical Strategy Generating 8–13% Blended Yield in DeFi (Illustrative)

To generate 8–13% blended yields as in this example, you need to manage five protocols across with various risk and compliance assumptions.

Most people can't dedicate 5-10 hours weekly to monitor DeFi positions, understand liquidation thresholds, rebalance concentrated liquidity ranges, and track governance proposals that might affect their strategy.

They need capital to work *for* them, not create second jobs.

> *Consider a physician earning $300,000 annually with $500,000 in savings. Their hourly value is $150. Spending eight hours weekly managing DeFi positions (416 hours annually) has an opportunity cost of $62,400—more than the yield generated on a $500,000 portfolio at 10% APY.*

The math only works for:

- Full-time DeFi participants whose job IS position management
- Whales whose position sizes justify the time investment
- Protocols/DAOs with dedicated treasury management

Everyone else is excluded from competitive yields by complexity barriers. They're pushed back toward the 3-5% options that barely keep up with inflation.

#4 Impermanent Loss and Position Management Burden

Liquidity provision, a cornerstone of DeFi yield, carries an insidious cost that's often misunderstood: **impermanent loss** (IL).

When you provide liquidity to an AMM pool by depositing two assets, price divergence between them can cause your position to underperform simply holding them.

Price Change	Impermanent Loss
±25%	-0.6%
±50%	-2.0%
±100% (2x)	-5.7%
±200% (3x)	-13.4%
±400% (5x)	-25.5%

Impermanent Loss Relative to Price Change

Historically, simply holding outperforms LP positions after accounting for IL during trending markets—whether bull or bear. And generally, LPs consistently profit only in sideways, volatile markets where fees accumulate without directional price movements.

Moreover, IL requires constant attention. Uniswap V3's concentrated liquidity, for example, amplifies both fees and IL.

Positions fall "out of range" and earn zero until manually rebalanced, requiring monitoring multiple times daily during volatile periods. This is active trading dressed as yield generation.

For the physician in our earlier example, IL transforms an apparently simple yield strategy into a position-management obligation incompatible with a demanding career. The "15% APY" advertised drops to 5-8% after IL, gas costs, and the implicit value of time spent managing the position.

#5 Existential Protocol and Security Risks

Every DeFi protocol carries smart contract, oracle, governance, and bridge risks that can result in total loss—risks absent from FDIC-insured deposits or Treasury bonds.

Since 2020, over $12–15 billion has been stolen from DeFi protocols, of which only about $3–4 billion has been recovered.

Protocol	Loss / Recovery
Ronin Bridge	$625M / ~$30M
Wormhole	$326M / $320M+
Terra / Anchor	$60B / None
Curve Finance	$73M / ~$52M
Euler Finance	$197M / $177M

Source: Major DeFi Exploits (2020–2025), REKT

Broadly, DeFi has five major risk categories:

- **Smart Contract Risk:** Code bugs enable exploits even after multiple audits (Curve's Vyper vulnerability existed 5+ years before discovery).
- **Oracle Risk:** Price-feed manipulation via flash loans leads to incorrect liquidations.
- **Governance Risk:** Attackers accumulate tokens to pass malicious proposals.
- **Bridge Risk:** Cross-chain bridges account for >50% of all DeFi losses. They often become systematically attacked honeypots.
- **Composability Risk:** Using multiple protocols compounds risks multiplicatively, since one exploit anywhere can destroy the entire position.

The biggest issue with DeFi risks is that you can't hedge or diversify them in the traditional sense. Even "blue chip" protocols can be hacked.

Risk-adjusted returns must account for this tail risk.

A 10% APY with 1% annual probability of total loss has an expected value of ~9%, but with a catastrophic downside that traditional fixed-income never presents. A Treasury bond might yield less, but it won't go to zero because of a compiler bug discovered years after deployment.

DeFi users are compelled to accept a perpetual 0.5-2% annual risk of partial or total loss. Such a risk profile is incompatible with most yield-seekers' capital preservation goals.

Thus, overall, the five pain points leave yield-seekers in a challenging, if not impossible, position in 2026. Typical "safe" yields are no longer viable given persistent compression. Emission decays mean even high-yield sources are unreliable in the long term. Complexity excludes anyone who's unable to dedicate full-time. Impermanent loss makes LP strategies unsuitable for trending markets. And security risks introduce total-loss outcomes that are unlikely in TradFi.

Yield-seekers must either accept 3-5% returns that don't meet their needs or venture into strategies requiring expertise, time, and risk tolerance that most cannot afford.

Not anymore.

Simple, Sustainable Yield — Seasons' Solution

Understanding the five pain points clarifies what any sustainable yield solution must accomplish: decouple yield from token price speculation; eliminate dependence on emissions entirely; minimize complexity to maximize accessibility; avoid impermanent loss; and reduce protocol dependencies and attack surfaces.

None of the existing protocols addresses all five simultaneously. Aave eliminates IL but not complexity or compression. Lido simplifies participation, but ties yield to Ethereum's issuance schedule—a form of emission dependence. RWA protocols like Ondo address decay through real asset backing but introduce regulatory and redemption complexities that exclude most retail participants.

Seasons, however, is the first (and currently the only) protocol that holistically addresses global yield-seekers' pain points by implementing a fundamentally different approach to yield generation and distribution.

Pioneering Yield 3.0, it delivers fee-based yields derived from real economic activity rather than short-term price action or emissions. This model works in any market condition, regardless of how $SEAS—Seasons' official 'work' token—or any other asset performs.

So this year onwards, yield-seekers are positioned to leverage movement itself, rather than betting on direction or merely hoping prices go up.

Volume, Velocity, and Sustainable Yields

We know global yields currently come from three key sources: inflation or emission, asset prices, and borrowing demand. And we've seen how all of them either decay, fluctuate, or simply disappear during periods of market stress.

That's why Seasons decouples yield generation from all three, deriving it exclusively from network activity, transaction volume, and fees.

Yield = Volume x Velocity x Transaction Tax

Volume represents the total value of $SEAS transactions. More transactions mean more fees captured, which scales with activity regardless of whether markets move up, down, or sideways.

Velocity measures how often users buy or sell $SEAS.

Transaction Tax (txTax) is a 10% fee applied to both entry (buying $SEAS) and exit (selling $SEAS).

This fee constitutes the *sole* source of yield. There are no token emissions, no protocol treasury distributions, and no inflationary rewards that subsidize APYs.

Each and every unit of yield distributed to participants is derived from fees paid by participants transacting within the ecosystem.

Seasons' End-to-End Tokenized Yield Protocol & Distribution Pipeline

Think of it like a toll bridge rather than a casino—or, for that matter, rather than a Treasury bond whose yield depends on Fed policy, or a CD whose rate follows central bank decisions, or a DeFi protocol subsidizing users with printed tokens.

Casinos need customers to lose for the house to win. It's a zero-sum dynamic that eventually exhausts the participant base (unless new customers keep coming in, at which point it's essentially driven by Ponzinomics). A toll bridge, however, captures value from traffic flow, regardless of whether travelers are coming or going, celebrating or mourning, rich or poor. As long as travels occur, the direction doesn't matter.

Seasons operates on identical logic.

Whether $SEAS price rises (attracting speculators), falls (triggering panic selling), or oscillates (activating range traders), transactions happen. And every transaction—either in or out—generates fees that flow to participants.

This creates a structural resilience absent in emission-based models:

- **In bull markets**, $SEAS price appreciation attracts momentum traders and speculators. Trading volume spikes as participants chase gains. Historical precedent from the Solana ecosystem shows that trending tokens routinely see 10-50x volume increases during bull runs. Higher volume means more fees captured and distributed as yields to nodes.
- **In bear markets**, entry costs for the 10,000 $SEAS threshold (required to qualify as a Seasons node and earn yield) drop proportionally as price declines. Lower barriers mean more users can participate, potentially sustaining or even growing the active node count. Meanwhile, paper hands generate volume as they exit, contributing 10% to the yield. And as the 2022 bear market proved, transaction volumes—i.e., activity—can persist even when prices don't.
- **In sideways or volatile markets**, range-bound price action is optimal for fee capture. Traders buy dips and sell rips, generating constant transaction flow without directional conviction. This is precisely the environment where 'active', concentrated LP strategies traditionally suffer most from rebalancing costs and IL. But fee-based models thrive here.

Launched in December 2025 with its fee-based mechanism already running and generating yield from Day-1, Seasons showcases how genuine economic activity produces yield without the emission crutch that doomed protocols like Convex and Olympus DAO.

Zero Emission Decay — Sustainability by Design

Yield decay manifests differently across TradFi and DeFi, but the underlying dynamic is identical: systems that print yield rather than earn it eventually collapse.

Just as uncontrolled balance-sheet expansions through multiple rounds of QE destroyed wealth for traditional savers and yield-seekers while creating an illusion of manageable debt-servicing costs, the emission death spiral destroyed billions of dollars in user capital during DeFi's early iteration (i.e., Yield 2.0).

Convex's 91% incentive decay. OlympusDAO's pivot from 10,000% APY to contemplating 0%. The collapse of Compound's token incentives that originally triggered DeFi's parabolic rise. All of them followed predictable trajectories, visible from day one to anyone who examined the tokenomics, while inverted yield curves signaled imminent unwinding and meltdowns in TradFi's artificially inflated markets.

Seasons eliminates this failure mode through its 100% fee and activity-driven model:

- Zero $SEAS token inflation allocated to yield generation
- Zero protocol treasury emissions subsidizing APYs
- Zero dependency on token price appreciation for yield sustainability
- All distributions derive exclusively from captured transaction fees

The 10% transaction tax is built into the smart contract logic. It cannot decrease without governance approval, creating strong alignment against dilution.

That said, fee-based yields aren't novel in finance. In fact, they're one of the oldest and most proven mechanisms of sustained, long-term value creation.

For over two centuries, TradFi exchanges like the NYSE and Nasdaq have operated on transaction fees. They earn on every trade regardless of whether markets rise or fall, and the model has sustained through world wars, depressions, and technological revolutions.

Visa and Mastercard capture a percentage of every transaction they facilitate. This model has funded their operations for decades and will continue as long as transactions occur.

Uniswap's 0.3% trading fee has sustained consistent LP capital since 2020, surviving the 2022 crash that obliterated emission-dependent competitors. And for years, Uniswap has maintained (or grown) its dominance in the DEX space. So, although Uniswap LPs face IL (a problem Seasons avoids through its hold-to-earn model), the fee mechanism itself proved resilient.

These models don't promise +100% APY, but they don't decay to zero either.

They generate sustainable, if modest, returns from genuine economic activity. And against this backdrop, Seasons' novelty lies in applying this logic to tokenized yields, capturing transaction fees, and distributing them to real network participants who thus grow with the protocol.

It's a time-tested business model, something both TradFi (with its QE-driven distortions) and DeFi (with its emission-dependent tokenomics) desperately need to rediscover.

Radical Simplicity and 3-Step Yields

Where TradFi evolved from simple bond portfolios to allocations spanning 12+ asset classes, and achieving 8-13% blended yields in traditional DeFi requires managing five protocols with various risk profiles and 5-10 hours weekly of active oversight, Seasons reduces the entire process to three steps requiring zero ongoing management:

- Buy $SEAS on Jupiter. Takes 2-3 minutes for experienced users, and 10-15 minutes for absolute beginners starting from scratch. Gas costs are a fraction of a cent.
- Hold 10,000+ $SEAS in your Solana wallet, and that's it. No staking transactions required. No LP position to manage. No claiming, compounding, or rebalancing. No lockup periods restricting liquidity.
- Receive yields automatically, directly in your wallet, in diversified alternative assets, including top Solana memecoins. Not in $SEAS, which avoids the inflationary trap of protocols that pay yield in their own depreciating governance tokens.

This simplicity is as economically significant as it is user-friendly.

Recall the physician example from our complexity analysis: someone earning $300,000 annually with $500,000 in savings. Who spent $62,400 worth of their time earning $50,000 through 10% APYs. Seasons eliminates their opportunity cost entirely. Because after the initial 10-minute setup (or less, assuming they know the basics), there's practically zero ongoing time commitment.

With Seasons, the physician can focus on medicine while their capital works for them in the background.

Hold-to-Earn, with Zero Impermanent Loss

Impermanent loss remains one of DeFi's most misunderstood and underestimated risks. As we established earlier, a 100% price move in either direction creates 5.7% IL. And in trending markets, simply holding typically outperforms LP positions after accounting for this drag.

Seasons eliminates IL entirely by eliminating liquidity provision.

You buy $SEAS and hold $SEAS. There's no second asset to pair with, no AMM pool to provide liquidity to, and no rebalancing mechanics that create IL. Further, instead of more than what you already hold (which is inflationary by definition), you earn yield in liquid assets diversified across three tiers:

Tier	Allocation	Description
Blue Chips	60%	Established assets with proven liquidity
Underdogs	30%	Mid-tier projects showing blue-chip fundamentals
Rising Stars	10%	Early-stage, higher-volatility projects with asymmetric upside potential

Seasons' Yield-Payout Asset Categories

This creates an automated portfolio builder dynamic as yield distributions accumulate, establishing diversified positions over time. Such an optimized risk-reward balance enabled by Seasons' novel distribution model is difficult to find or replicate in protocols that pay yield in native governance tokens.

The trade-off is explicit as well. You accept $SEAS price volatility as a single-asset holder. But you don't suffer impermanent losses layered on top of that volatility, while the assets you earn as yield exist and can appreciate independently of $SEAS' performance.

Compared to Uniswap V3 concentrated liquidity—which amplifies both fees and IL, requires constant range management, and positions that fall “out of range” earn zero—the hold-to-earn model is radically simpler, more predictable, and above all, resilient to market direction.

Smaller Attack Surface — The Security of Simplicity

DeFi’s composability is a double-edged sword. The ability to stack protocols enables sophisticated strategies, but compounds risks multiplicatively. A Yearn vault touching Aave, Curve, Convex, and a bridge creates four-plus potential failure points. One exploit anywhere in the stack can significantly destroy positions.

In fact, the $12-15 billion stolen from DeFi protocols since 2020 disproportionately involved complex, multi-protocol systems and cross-chain bridges. Bridges alone account for over 50% of all losses, as they became systematically targeted honeypots because their complexity creates attack surfaces that auditors struggle to fully secure.

Seasons minimizes this through architectural simplicity at both the protocol and token levels. Most importantly, holders remain in full control of their tokens—always.

Since there’s no staking or lock-up mechanisms, the $SEAS you hold as a node (or even as a regular holder) never leaves your wallet. You’re also free to use your yield payouts as you want: swap, hold, sell, whatever. There are no hidden conditions or barriers to exit.

Anyone can join or leave at any time. That’s how Seasons fulfils DeFi’s original promise of fully non-custodial, user-centric financial protocols. And to this end, Seasons also adopts a DEX-only approach, committed to avoiding Centralized Exchanges (CEXs) and extractive market-making or leverage-based frameworks that are prone to cascading liquidations.

Summary: The Five-in-One Solution

Whether yield-seekers park their capital in Treasuries or tokens, they persistently face the five pain points we discussed above.

Seasons’ end-to-end tokenized architecture addresses each, serving populations currently excluded from simple, sustainable yields in TradFi and DeFi:

Pain Point	How it manifests	Seasons' Approach
Compression	Fed policy suppresses TradFi yields; capital dilutes DeFi APYs	Fee-based yield scales with volume, not inversely with capital
Decay	QE creates TradFi dependencies; emissions exhaust DeFi treasuries	100% fee-based mechanism with 0% emissions; no decay
Complexity	TradFi requires alternatives expertise; DeFi requires multi-protocol management	3 steps, 0 maintenance, single protocol
Counterparty / IL Risks	TradFi is exposed to bank solvency; LPs suffer IL in DeFi	0% IL; hold-to-earn model with no LP mechanics; single-asset exposure
Systemic Risk	Global TradFi interconnection; DeFi composability compounds vulnerabilities	Minimal dependencies; fully non-custodial

Overview of Seasons' Holistic Solutions to Yield-Seekers' Pain Points

No other live protocol currently addresses all five simultaneously.

While this isn't a claim to perfection, as Seasons is only over a month old as of January 2026, it's an architectural approach that solves yield-seekers' structural problems rather than papering them over with *ad hoc* 'stimulus' or unsustainable emissions.

2026, the Year of Yield 3.0

Following decades of compression and an exodus to complexity, this year marks an inflection point. Sustainable, fee-based yield mechanisms will replace the unsustainable models that dominated both traditional and decentralized finance. More than just viable, Yield 3.0 is inevitable in 2026 as four structural shifts converge.

1. With multi-trillion-dollar debts and triple-figure debt-to-GDP ratios, governments can't afford sustained rate hikes. Attempts to normalize yields break regional banks, pension systems, and sovereign bond markets. The system is trapped: suppression creates dependencies, normalization creates crises, and yield-seekers pay the price either way. Capital is seeking ways out of this structural trap, towards alternatives that don't depend entirely on central bank policy.
2. DeFi's emission-based models are facing mathematical reality checks. The decay patterns we documented have become the predictable terminus of any system that prints yield, and they're no longer isolated failures. As of January 2026, most major emission schedules have either exhausted or compressed to levels where risks outweigh returns. DeFi's "free money" era is over, and for good.

3. Institutional capital is entering crypto at scale. Over $130 billion now sits in crypto ETFs. Over 100 public companies hold cryptocurrency on their balance sheets. Pension funds and endowments have begun allocations. And the fiduciary responsibilities this institutional capital operates under are creating an additional demand vector for sustainable yield mechanisms that can be modeled, stress-tested, and defended to boards.
4. The infrastructure to support fee-based yield at scale now exists and is maturing faster than ever. High-throughput chains enable micro-distributions economically. DEX volumes have grown to capture meaningful global market share. Real-world asset tokenization has crossed from experiment to industry.

And while some of these forces have been at play for 4–5 years, the necessary plumbing for Yield 3.0 wasn't available in 2020 or even in 2023. It is now.

Compression and Complexity, Now Consensus

Crypto is no longer fringe, as Steve Kurz, Global Co-Head of Asset Management at Galaxy, noted in his 2026 investment outlook, which is themed *Great Convergence*.

The significant inflow of big-league capital into crypto through 2025 fuels this conviction, reinforced by signals that last year's trickle could turn into a gushing *tide* in 2026.

While Kurz highlights that major U.S. wirehouses now advise their clients on 1–4% crypto allocations, JPMorgan expects global capital flowing into digital assets to exceed $130 billion this year, breaking the 2025 record.

More than the volume, however, the patterns emerging around this capital flow are more interesting (and important).

Global institutions are now compelled to recognize emerging crypto-based asset classes, but FOMO and early exposure aren't the only reasons they're entering this space.

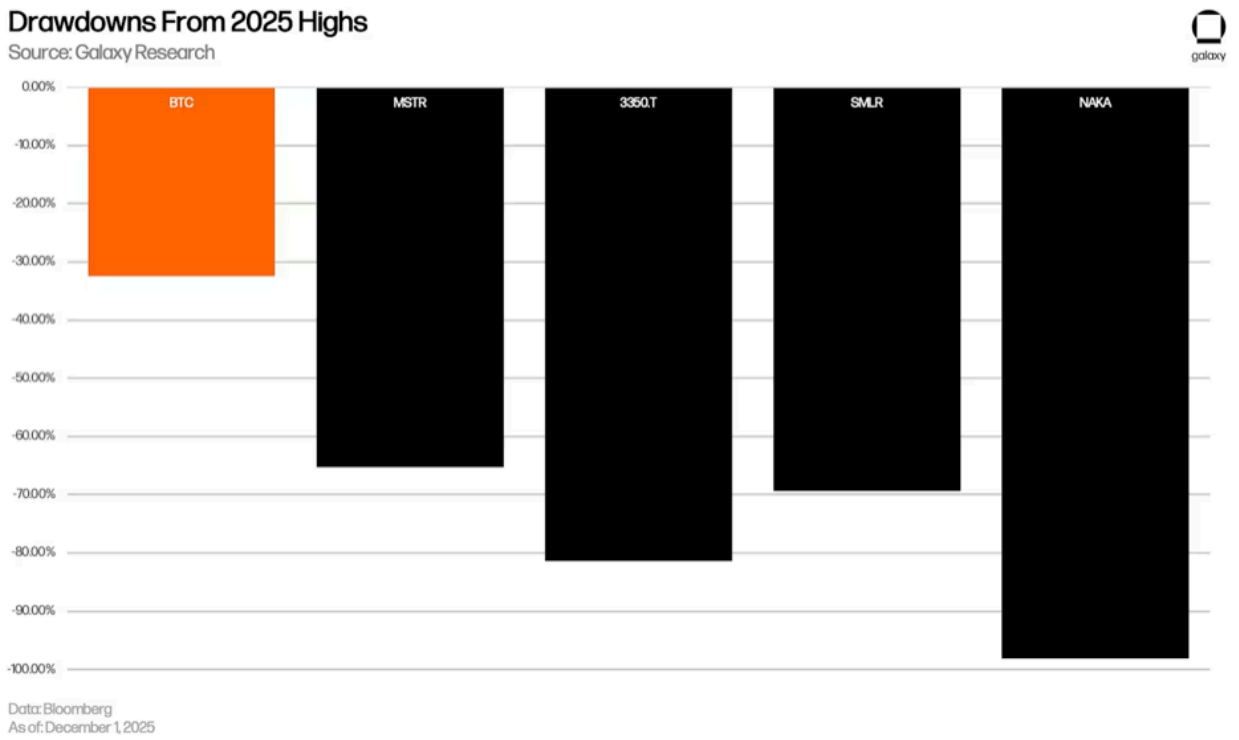
It's also about leveraging alternative yield mechanisms that aren't possible elsewhere and that provide lasting solutions to the inherent inefficiencies of traditional systems, as the evolution of digital asset treasury companies (DATCOs) encapsulates.

When public or deemed-to-be-public companies rushed to accumulate digital assets between 2020 and 2025, following MicroStrategy's footsteps, they predominantly adopted a buy-and-hold approach. But although they raised huge sums to acquire these assets, they left them idle on their balance sheets, betting solely on price appreciation.

As with any leveraged speculation, this approach boomeranged when the markets turned south in the latter half of 2025.

Per Galaxy's research, stocks of certain DATCOs, such as Nakamoto, suffered +98% drawdowns when bitcoin fell from its ATH of $126,000 to nearly $80,000. Meanwhile,

companies like Metaplant, which had over $600 million in unrealized profits in October, sat on about $530 million in unrealized losses by December.



Source: Bitcoin DAT Drawdowns, Galaxy Digital

In addition to drawdowns, 'idle' DATCOs faced regulatory classification risks as investment companies in certain jurisdictions. And, most importantly, they failed to meet stakeholder expectations of sustained, viable returns.

This is pushing newer DATCOs away from purely speculative accumulations, towards a more active approach based on ecosystem-integrated yield generation.

For example, Sui Group Holdings, which holds about 3% of SUI's circulating supply as of January 2026, is partnering with the Sui Foundation and Ethena to launch a yield-bearing stablecoin that will be deeply integrated across the Sui ecosystem.

By capturing 90% of the fees generated on this asset and redeploying it to fuel Sui's overall growth, the Sui Group aims to deliver an effective yield upwards of 6% through operational revenues vs. 2.2% on native Sui staking—a 273% yield enhancement potential.

It remains to be seen whether Sui Group delivers on its promise. Nevertheless, the shift from the speculative model to a fee-based one outlines the path DATs must follow in 2026. And it aligns with the emergent industry-wide consensus on this matter.

From Grayscale and BlackRock to Messari, Galaxy, and Delphi Digital, at least eight major traditional and crypto-native institutions—with trillions of dollars in collective

AUM—have converged on the need to prioritize sustainable, fee-based models over purely speculative, emission-based ones that dominated DeFi in past years.

In *2026 Crypto Theses*, while highlighting 'yield has always been crypto's killer app', Messari noted that none of the DeFi Summer products survived or remained relevant due to their excessive dependence on subsidies, reflexive tokenomics, and inflationary emissions. And now, as 'the conditions for another yield-driven expansion are forming', they're being built on sturdier foundations—on 'cash flows that can persist.'

What further quantifies this consensus is that DeFi protocols tripled fee capture and redistribution 3x in 2025, from 5% to 15%, albeit largely through buybacks. Hyperliquid, for instance, generated over $106 monthly fees in August 2025, strengthening holder incentives through its buyback-and-burn mechanism. Meanwhile, Jupiter Exchange allocates 50% of fees for JUP buybacks.

Thus, by systematically migrating toward them, institutional capital is creating strong, lasting demand for sustainable-yield mechanics, rather than models with mathematically guaranteed decay and a structural lack of resilience to market dynamics.

Fee-generating protocols now represent a relatively stable capital base for DeFi, with over $92 billion in TVL, whereas emission-based protocols have either already gone to or are on their way to zero.

But at the same time, the incoming capital can also cause per-capita APY dilution, as the yield-efficiency compression on platforms like Aave and Lido (despite their fee-generating models and TVL dominance) demonstrates. Pendle and Morpho, among others, are trying to solve this by decoupling protocol revenue from TVL growth.

This essentially boils down to reducing TVL dependence and scaling fee or activity-driven value capture and revenue.

All signs point here—we can't stress it enough.

Bifurcation, the Gap, and the Opportunity

On the flip side of positive shifts in demand dynamics, we have the hierarchical global yield landscape, bifurcated across three tiers:

- **Simple/Retail**: From familiar TradFi instruments like bonds and CDs to relatively simple DeFi protocols like Lido, these are the most accessible options available to average yield-seekers. But they typically generate sub-optimal base yields that can't keep up with inflation, let alone create real wealth, given the historical compression and structural risks we discussed at length.
- **Complex/Professional:** Collateralized Debt Obligations (CDOs), multi-asset portfolios, F&O positions, or commodities in TradFi and concentrated liquidity provisioning, restaking, or leveraged lending loops in DeFi—these instruments

can produce competitive yields. But they require active management and professional expertise that most yield-seekers either don't have or can't acquire due to genuine capital and time constraints.
- **Exclusive/Institutional:** Private credit channels in TradFi and DeFi, hedge fund allocations, tokenized equity perpetuals, and other accredited products offer the best yields and tend to be the most resilient, secure, and reliable across different markets, even during phases of turmoil. Only HNIs and institutions can access them, though, given high minimums, regulatory requirements, operational complexities, and very steep entry barriers overall.

This creates a significant gap, forcing most yield-seekers to choose between simplicity and competitive yields. Neither creates net-positive outcomes for them, making it a lose-lose. And the best choice is out of bounds anyway.

Yield 3.0's opportunity lies in bridging this gap.

With compression and unreliability on one hand and complexity and inaccessibility on the other, there's an entire population of underserved, yield-starved consumers across the spectrum.

The global banking system manages $200+ trillion but generates suboptimal yields for depositors and asset holders, who have consistently yet helplessly witnessed a decline in their purchasing power. From the US to the UK, Japan, and elsewhere.

Then there are over 741 million crypto owners worldwide, whereas only about 1–1.5 million are active in DeFi. That's way less than 1% penetration (i.e., about 0.13–0.2%), so the remaining 99% of crypto owners have potentially productive assets sitting idle in their wallets. All because DeFi is too complicated, and base yields aren't enough to justify the time and effort required. And if nothing else, the fear of losing money is crippling.

And, to reiterate, the $130+ billion flowing through institutional channels demands secure and sustainable mechanisms that can weather stressful markets while generating substantial, if not unrealistic, yields.

The market exists. The demand is documented.

Now it's about delivering the solution, which Seasons is already doing. Simple, sustainable yield—in any market condition. Derived from transaction fees and real activity.

Even if Seasons and Yield 3.0 serve 0.1% of the non-DeFi crypto owners, that's 740,000 users. Assuming they trade—buy or sell—$100 worth of $SEAS on average, they create $74 million in total volume, and thereby, $7.4 million in yield.

Add demand from TradFi and institutional users, and the total yield potential and addressable market dwarf DeFi as it currently stands. And needless to say, these are hyper-conservative estimates.

Building Yield 3.0 — Where Seasons Stands

While other protocols have fee-based components, none of them have combined a fully fee-based, end-to-end tokenized yield mechanism with a hold-to-earn model that requires almost zero ongoing maintenance. Seasons is the first and only protocol in this category, serving both TradFi and DeFi users, and fixing the inverse yield-accessibility relationship.

Yet, although it's simple to use and adopt, the mechanism itself isn't simplistic. By generating yield from transaction fees and real activity, rather than the price of $SEAS or any other asset, Seasons achieves objectively high market resilience.

By simply holding 10,000+ $SEAS, anyone can earn sustainable yields regardless of whether the markets go up, down, or sideways. And they receive yield payouts directly in their wallet, in diversified alternative assets, including Solana memecoins. Not in $SEAS.

Besides enhancing resilience and reliability, this distribution model channels value back to the Solana ecosystem by acquiring memecoins in the current phase and other assets in the future for yield payouts.

In turn, Solana powers Seasons' tokenized architecture with its sub-cent transactions, sub-second finality, and high throughput. It significantly expands the protocol's scope as well, given its focused efforts to build and scale Internet Capital Markets.

As more institutions and assets come onchain, demand for sustainable yield will grow on Solana and also across crypto as a whole. Seasons is uniquely positioned and ready to meet this demand at scale.

Legacy instruments have regulatory protection and no smart contract risks, but yields are excessively dependent upon policy and politics. Aave has deep TVL and years of operational track record, but it ties yield to borrowing demand, which, historically, reacts negatively to volatility. Lido offers simplicity for depositors, but Ethereum's issuance schedule—a form of emission, albeit on the protocol layer—ultimately determines staking yields. Emerging RWA protocols can deliver yields backed by real cash flows, but access is currently limited to a niche or exclusive group, mainly due to compliance issues.

Seasons doesn't depend on price or policy. Nor does it on emissions.

And nodes/holders always retain full control of their tokens, as they don't need to stake or lock them up anywhere. Anyone is as free to leave at any time as they are to join.

Simplicity, sustainability, and freedom: these make Seasons the Yield 3.0 champion.

What's Next for Global Yield

For four decades, yield-seekers have been caught between forces beyond their control.

Rampant money printing and *ad hoc* policy controls compressed traditional yields, reducing them from double digits to near zero and below. DeFi promised a liberation, but ended up inheriting TradFi's fundamental issue: excessive dependence on price, policy, and inflation. Protocols offered fabled APYs, then collapsed entirely as the math and markets both unwound.

Forever collateral damage, yield-seekers faced 2–4% yields on "safe" traditional assets, unable to cope with inflation and under the constant risk of policy-driven meltdowns and turmoil. They could earn better returns on DeFi until they couldn't. Or worse, they could lose everything to exploits.

2026—the year of Yield 3.0—is when this changes.

Yield must come from real activity and genuine economic value. Not speculation or price action or policymakers' whims. It must be earned, not printed.

Built on this premise, Seasons now delivers yield that's decoupled from price and policy, free from emission decay, radically simple, diversified by design, and resilient across any market condition. Bull or bear, we don't care.

Yield-seekers finally have a genuine alternative, and they will certainly have more in the coming years. Given that they play their part as well by having realistic APY expectations, favoring activity/fee-based mechanisms, and demanding simplicity.

For those who've watched their wealth erode for decades due to forces beyond their control, this evolution offers something valuable: a potential path forward that doesn't require accepting poverty-level returns, navigating impossible complexity, or depending on policy decisions made in rooms they'll never enter.

Seasons change. Markets rise and fall. Central banks print and pivot.

But yield—real, sustainable, accessible yield—remains a fundamental human need. And for the first time in decades, the solution to meet that need is here.

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